

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 FEA-01
ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-08 FPC-01
INT-05 OMB-01 OES-06 STR-04 TRSE-00 ACDA-07 /103 W
-----290756Z 093392 /11

R 281856Z JAN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 0040
INFO USMISSION OECD PARIS
USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 01619

E.O. 11652: XGDS-L
TAGS: ENRG, UK
SUBJECT: NEW NORTH SEA PARTICIPATION AGREEMENTS

REF: LONDON 406

1. ON WEDNESDAY THE PRESS CARRIED STORIES ANNOUNCING THAT MOBIL, TEXACO, TEXAS EASTERN AND AMERADA HESS HAVE SIGNED MEMORANDA OF PRINCIPLES OUTLINING PARTICIPATION AGREEMENTS. THE MOBIL AND TEXAS AGREEMENTS WILL BE MODELED ON THOSE RECENTLY AGREED TO BY THE GOVERNMENT AND SHELL AND ESSO. THE AGREEMENTS WITH THE TWO SMALLER FIRMS PROVIDE THAT, SHOULD THEY BEGIN REFINING OPERATIONS IN THE UK, BNOC WILL BE WILLING TO SELL BACK PARTICIPATION CRUDE UNDER ARRANGEMENTS SIMILAR TO THOSE WITH ESSO AND MOBIL.

2. IN A CONVERSATION WITH MALIN OF FEA AND AN EMBASSY OFFICER, RAY WILMOTT OF THE DEPARTMENT OF ENERGY SAID THAT NEITHER MOBIL NOR TEXACO HAD THE RATIONALE SHELL AND ESSO HAD - BEING CRUDE SHORT - FOR OBTAINING AGREEMENTS LIKE THE SHELL/ESSO AGREEMENTS. HOWEVER, CONFIDENTIAL

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ONCE THE SHELL/ESSO AGREEMENTS WERE CONCLUDED, MOBIL IN PARTICULAR SAID IT WOULD ACCEPT AGREEMENT ON THE SAME TERMS AND THE GOVERNMENT BOUGHT THE DEAL. THE PUBLIC DEPARTMENT OF ENERGY STATEMENTS STRESS THE EXPLANATION THAT BOTH MOBIL AND TEXACO, LIKE SHELL AND ESSO, HAVE LARGE REFINING AND MARKETING OPERATIONS IN THE UK, AND THAT THE DEAL WITH ITS BUY BACK PROVISIONS

PROVIDES THEM WITH SECURITY OF NORTH SEA OIL SUPPLIES.

3. WILMOTT NOTED THAT AMONG AMERICAN FIRMS ONLY MURPHY AND AMOCO ARE STILL HOLDOUTS ON SIGNING PARTICIPATION AGREEMENTS, AND AMOCO IS THE ONLY MAJOR HOLDOUT. HE SAID THAT MURPHY HAD BEEN INTO THE DEPARTMENT OF ENERGY THIS WEEK AND HE THOUGHT IT WOULD COME AROUND. AS FOR AMOCO, A NEW MEETING WITH THAT FIRM WILL TAKE PLACE MONDAY. WILMOTT SAID THAT AMOCO'S TYPICAL BEHAVIOR WAS TO STICK RIGIDLY FIRM UNTIL THE VERY END, AND THEN CAVE IN. HE WAS OPTIMISTIC THAT AMOCO WOULD NOW SIGN A PARTICIPATION AGREEMENT. HE NOTED THAT AMOCO WOULD OTHERWISE RUN RISKS IN TERMS OF BEING SHUT OUT, NOT ONLY FROM THE FIFTH LICENSING ROUND BUT ALSO FROM FURTHER ROUNDS, AND FURTHERMORE WOULD PUT ITS ESTABLISHED UK OPERATIONS IN A TOUCHY POSITION IF IT CONTINUED TO BE THE ONLY SIGNIFICANT HOLDOUT FROM PARTICIPATION.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, OFFSHORE DRILLING, PETROLEUM, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON01619
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D770032-0912
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977019/aaaaahiu.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 06f2e4dd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 LONDON 406
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3678204
Secure: OPEN
Status: NATIVE
Subject: NEW NORTH SEA PARTICIPATION AGREEMENTS
TAGS: ENRG, UK, MOBIL, TEXACO, TEXAS EASTERN, AMERADA HESS
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/06f2e4dd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009